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Hocking, Wendy A - Washington, DC

From: Owens, Sharon - Washington, DC
Sent: Friday, August 12, 2011 5:20 PM
To: Hocking, Wendy A - Washington, DC; Allen, Pete X - Washington, DC; Harris, Ernie - Washington, DC; Frost, Anthony J - Washington, DC
Cc: Williams Jr, David E - Washington, DC; Grossmann, Luke T - Washington, DC; LaChance, Susan M - Washington, DC
Subject: FW: Network Optimization FCM (Scribble Input)

Below is the first set of documented questions/concerns with Network Optimization.

Industry Engagement and Outreach team, please begin working with Operations and others as needed to figure out what can be answered now, and how and when we will be able to answer the rest. Please get back to Sharon early next week on what she can expect from our follow up process. You don't have to know or give her the answers, just a timeline as to when answers could be expected.

Thanks!
Sharon

-----Original Message-----

From: Owens, Sharon - Washington, DC
Sent: Friday, August 12, 2011 5:16 PM
To: 'HARRISON, SHARON J (ATTSI)'
Cc: LaChance, Susan M - Washington, DC; anita.s.pursley@rrd.com; phil.thompson@qg.com
Subject: RE: Network Optimization FCM (Scribble Input)

Thank you so much for all this feedback. We will begin our process of categorizing concerns with this set! I'll keep you posted as we work out a system for responding back with answers as we know them.

Sharon

-----Original Message-----

From: HARRISON, SHARON J (ATTSI) [mailto:sh3157@att.com]
Sent: Thursday, August 11, 2011 11:26 AM
To: Owens, Sharon - Washington, DC
Cc: LaChance, Susan M - Washington, DC; anita.s.pursley@rrd.com; phil.thompson@qg.com
Subject: Network Optimization FCM (Scribble Input)

Hi Sharon - Below are my initial thoughts scribbled down that First-Class Mailers will likely bring forward as concerns with the Network Optimization Plan proposal. I'm sure most of these you are already aware of or can speculate about - but just thought I would do a brain dump on things I bet will come up that may give you a heads start on working with us on how to mitigate:

6-5 Day Change / Volume Impact?

- * Does this proposal from 508 to 175 plants include the impact to volume due to the 6-5 day change? How does the 6-5 day service change impact this plan further?
- * What is the projected volume decline for FCM as a result of this network optimization plan change? Please provide us with this - since we should be able to help evaluate the reality of what would be expected. The USPS to this point has been under projecting this impact. I would expect that with this and the 6-5 day proposal this would take a much deeper hit to volumes than what is currently projected by the USPS.

Remittance / Mailer Location Impacts?

- * Mailers will want to know the locations of the plants targeted to stay - so they can evaluate impact to their mailing and remittance locations. Without this detail it will be hard for many to grasp and share their impacts.
- * As a result, Mailers may need to decide to relocate their processing sites to

accommodate their business needs with service level agreements to their internal/external clients.

- * How is remittance mail expected to be impacted? Will this plan significantly impact the USPS approach in how remittance mail is prioritized in processing?

Service Standards (Legal / Regulatory / Business Rules)?

- * Mailers will need to have some idea of the service standard changes to be able to assess their impacts.

- * Regulated industries (telcom, banking, utilities, etc.) have different requirements for mailing/delivery by state and many times by product. These large customers will need predictability and a consistent national service delivery approach in order to minimize issues and management of the mail.

- * If unique service delivery standards are established by region/area vs. nationally it could cause a significant programming cost within businesses to accommodate it.

- * With an overnight service change - how will remittance mail be impacted?

- * Many FCM companies have previously determined that overnight service (other than for remittance mail) is not a business requirement. The concern for many has been that extending the FCM standard from 3 - to 4 or 5 days or longer will significantly impact their ability to maintain hard-copy mail in the system. Many will have programming and/or legal/regulatory impacts that they will need to assess and determine how to resolve.

- * Some presort vendors have built their business models to support overnight which will be majorly impacted and have many concerns.

Critical Entry Times

- * Depending on the mailer location impacts - it is then not clear what type of other CET changes should be expected. Is there any way to provide mailers with more ideas on what they may see with changes in this area to help others determine this impact.

- * Shortening the timeframe for FCM is a concern to upstream processes within many companies. FCM that is mailing billing and financial type statements have limited cycle time to print and mail these products to meet their internal business commitments. Pulling CETs to earlier in the day will put additional pressure on businesses IT cycle processing windows and will cause many businesses to have to escalate the concerns with senior management to close these gaps. This will be an additional business impact as the service delivery windows will likely change. Business will need to understand the entire change to ensure they are able to adjust their cycles and processing windows to meet their regulatory and legal requirements for mailing. Whatever can be shared on this with proposed impacts will help businesses to determine their risks and concerns.

Labeling List / Sorting Changes:

- * Will this change cause enable more schemes for eligibility in FCM?

- * All CSA's will need to be reworked as a result of change. Many mailers/USPS teams have spent months working these by site. This process should be relooked to develop something that will be easier to manage with this change.

- * What rate category changes may change as a result of this consolidation effort?

Timing of Changes:

- * I believe I saw on the proposal that the PRC would need to approve and within a month of approval the USPS would change the service standards. Is that the case? FCM had previously identified that they needed 6 months from the notification to implementation of the 6-5 day change. This was primarily due to the internal business impacts of changing large system settings for the timing and deployment of billing statements.

- * For some this is a monumental task to evaluate and update the billing cycles and due dates for customers - - - and is especially difficult for those that have unique regulatory agencies by state that require compliance. As you can imagine - these are some of the USPS largest customers that would be impacted.

- * Change management as the plant/location closures occur will be a significant communication and version control task. Likely this would be best done in stages. How is the USPS proposing this would occur and what is the timing for this change?

- * If Service Changes for delivery are announced prior to the plant closures - how will we ensure that the USPS is kept accountable for ensuring further erosion of service isn't impacted?

That is probably plenty for now - but just were the top of mind things I had. As I shared the FCM Focus Group that I started with Steve Monteith would be one communication group to get this out to. In addition, I know that both the National Postal Policy Council (NPPC) and the Major Mailers Association (MMA) - two of the largest FCM

Associations - will be having meetings in DC in September and October. This would be a good chance to get in front of some of the largest First-Class Mailers face-to-face.

If you have any questions or thoughts on how I can help you assist you and FCM through this process please let me know.

Sharon J. Harrison

Director, Postal Strategy

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